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CONTENTS

25X1

2. NEHRU'S VIEWS ON CURRENT WORLD PROBLEMS
(page 5).

25X1

3. UNREST IN EAST GERMANY

25X1

4. VIOLENCE IN POLAND

25X1

5. PARTY LEADER ADMITS UNREST IN LITHUANIA
(page 8).

25X1

6. HAITIAN RULER FORCED TO RESIGN

25X1

7. USSR GRANTS ECONOMIC BENEFITS TO RUMANIA
(page 10).

25X1

8. PEIPING PRINTS FULL TEXT OF TITO'S CRITICISM OF
SOVIET SYSTEM

25X1

9. LAOTIAN ASSEMBLY SEEN LIKELY TO APPROVE INCLU-
SION OF PATHET LAO LEADERS IN CABINET
(page 12).

25X1

10. NASR REGIME MAY REPLACE KEY ADVISERS
(page 13).

25X1

25X1

12. BRITISH INFLUENCE IN KUWAIT DAMAGED

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THE TAIWAN STRAIT

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2. NEHRU'S VIEWS ON CURRENT WORLD PROBLEMS

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Prime Minister Nehru feels that India must remain in the center of the relationship between the United States and the USSR and try to influence the swing of the "pendulum" between the two great powers, according to Frank Moraes, editor of the Times of India and author of a recent biography of Nehru.

Moraes, who had a long talk with Nehru on 9 December, said that he had never seen Nehru display such temper as when the Baghdad pact was mentioned. Nehru insisted that it was impossible for the United States and India to work together in the Middle East if the United States supported the pact. He emphasized, however, that he did not want either Arab nationalism or the USSR to fill the power vacuum in that area.

Moraes described Nehru as "unsettled" about India's relationship with Britain and said that Nehru "half hopes and half fears" that the United States may bridge the gap caused by India's weakened ties with London. Nehru said, "I will never know what madness prompted Eden to act as he did."

Nehru showed little interest in talking about Communist China "since everyone knew that in time China would be admitted to the UN." On Hungary, he said merely that he was "not especially surprised over Soviet moves. . . but deeply disturbed." His face was "ashen" as he listened without comment to Moraes' statement that Krishna Menon, through "viciousness and bad manners," was doing great damage to Indian foreign policy.

Moraes believes that India's economic problems are among the items Nehru hopes to discuss with President Eisenhower.

3. UNREST IN EAST GERMANY

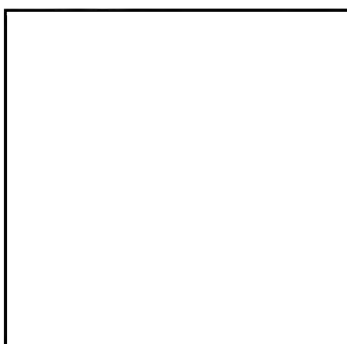
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A West Berlin labor leader on 11 December told an American official that the call by Hungarian workers' councils for sympathy strikes would not be answered with an appeal for a strike in East Germany. He voiced the opinion that East Germans have never hated the USSR more than now but are keeping cool heads and will not provoke military action, though "when the time comes," East German workers will rise as one man.

Recent East German press reports indicate that continuing student and worker unrest is causing the regime serious concern. The first known instance in which the East German press reported worker resentment against the Soviet Union occurred on 30 November when a Wismar newspaper noted that workers blamed the Soviet contractor for the lack of work at the local shipyard. The seriousness of student unrest was indicated on 2 December when an official press report condemned "attempts of hostile forces to disrupt the unity of youth organizations" and warned that "unprincipled discussions" would not be tolerated. Party first secretary Ulbricht on 29 November spoke out against student excesses "which must now be corrected."

4. VIOLENCE IN POLAND

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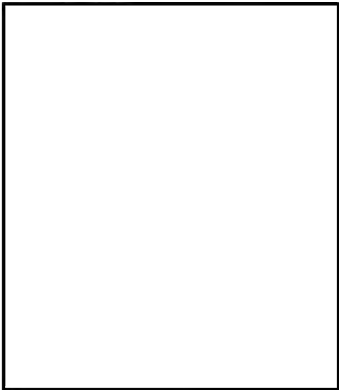
Further violence has occurred at scattered localities in Poland. According to the official party paper of 12 December, in the northern midlands area municipal offices were demolished at Nowy Ciechocinek, a party secretary was beaten at Nieszawan in the northern midlands, and a crowd attacked a police building at Olecko in northeast Poland.

In Stettin (Szczecin), where severe rioting on 10 December culminated in a mob attack on the Soviet consulate, a government-sponsored "workers' and students'" militia has been established, according to Radio Warsaw on 11 December. Three companies of the militia are said to be patrolling the city. Radio Warsaw on 11 December reported that workers in Stettin had adopted resolutions stating that the rioters there "must be punished especially severely."

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5. PARTY LEADER ADMITS UNREST IN LITHUANIA

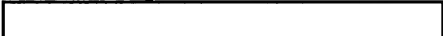
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The statement by Lithuanian party boss Antanas Sneckus that the Hungarian rebellion has encouraged bourgeois nationalist elements to "raise their heads" and attack the Lithuanian Communist Party is the first admission by a ranking Soviet official that recent events in the Satellites have had serious repercussions inside the Soviet Union.

Speaking before the Lithuanian Supreme Soviet, Sneckus charged that educational institutions have fallen under the influence of the bourgeois nationalist philosophy and that certain intellectuals have begun to attack Soviet art and science. He singled out students and youth as being most apt to believe "lies spread in an attempt to separate the Lithuanian and Russian peoples." This tends to confirm earlier reports that university students led anti-Soviet riots in Vilnius and Kaunas in November.

Sneckus' remarks indicate that action against dissident elements may be in preparation. Calling for strengthened ideological work in order to expose all instances of bourgeois nationalism, he stated that "we cannot remain passive while certain elements are imbuing Lithuanian youth with false and idealized views of bourgeois life."



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6. HAITIAN RULER FORCED TO RESIGN

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Haitian chief executive General Paul Magloire has resigned in favor of Joseph Nemours Pierre-Louis, president of the supreme court, in the face of a successful general strike in the capital city and a deteriorating political and economic situation. Magloire was returned to power only a week ago by the army after his resignation as president.

The surrender of power to Pierre-Louis, who would have been Magloire's legal successor prior to the "palace revolution" of 6 December, probably is intended to return the country to constitutional order. Senatorial and presidential elections which had been set for early 1957 may now be held on schedule.

While the resignation of Magloire may ease the tense situation, political conditions are likely to remain unsettled for some time. The public, which remained generally calm, apparently was determined to return to constitutional government.

The new chief of state, coming from a highly respected family, has long been one of Haiti's senior jurists, and served as a delegate to the United Nations in 1951.

7. USSR GRANTS ECONOMIC BENEFITS TO RUMANIA

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In a review of the economic provisions of the 4 December joint Soviet-Rumanian declaration, Rumanian prime minister Stoica in an 8 December radio address said the USSR has reduced payments on the Soviet share in former Soviet-Rumanian joint trade companies by \$716,000,000 and has suspended for four years repayment of credits granted since 1949. The USSR will make "supplementary deliveries" of industrial materials in 1957 on a long-term credit basis. It also granted a \$68,500,000 10-year credit for such industries as chemicals and petroleum and has made a loan of 450,000 tons of wheat.

Comment Contrary to earlier indications regarding the joint Soviet-Rumanian communiqué, the total financial benefits to Rumania apparently are greater than those which Poland obtained from the USSR during Gomulka's visit to Moscow.

The reduction of the Rumanian debt together with the other benefits indicates that Moscow recognizes the necessity of propping up the Rumanian economy. Economic failures have contributed to the civil unrest in past weeks.

8. PEIPING PRINTS FULL TEXT OF TITO'S CRITICISM
OF SOVIET SYSTEM

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Peiping newspapers on 12 December printed the full text of the speech criticizing the Soviet system made by Tito on 11 November. Within the bloc, only Hungary had previously published the full text. Poland had printed the key elements of the speech without distortion. The rest of the bloc, including the USSR, has printed only distorted summaries or selected passages designed to support the Kremlin's position. Belgrade has been publicly challenging the bloc to print the full text.

The Chinese Communists since late October have consistently suggested their sympathy for the efforts of Eastern European states to achieve a greater degree of freedom in their relations with the USSR. Chinese support of the Soviet armed intervention in Hungary has been justified by Peiping on the ground that the Nagy government intended to establish a non-Communist state outside the bloc.

The Chinese may soon publish an authoritative clarification of their views on bloc relationships in general and on Tito in particular. Thus far Peiping has indicated that the Chinese regard the ideal relationship with the USSR as the one which they themselves enjoy. It is probable that Peiping, in discussing Tito, will be critical of him but will not agree fully with the Soviet position in the argument.

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**9. LAOTIAN ASSEMBLY SEEN LIKELY TO APPROVE
INCLUSION OF PATHET LAO LEADERS IN CABINET**

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[REDACTED] Laotian premier Souvanna Phouma asked the cabinet's approval on 10 December to broaden its membership to include two Pathet Lao officials, one of whom would be Pathet chief Souphannouvong. He has

[REDACTED] indicated that in return the Pathet Lao movement would be formally "dissolved," and that Souphannouvong would make a public declaration that he is not a Communist and provide written guarantees on the restoration of government authority over the two provinces and integration of Pathet forces.

The American embassy in Vientiane believes that sentiment for national union is so widespread that both the government and the assembly are likely to approve Souvanna's proposal, even at the risk of losing Western support.

Comment

Souphannouvong's entry into the cabinet would be a major gain for the Pathet Lao and would not in itself settle the many issues involved. Despite sweeping guarantees on the two provinces and integration of Pathet forces, these and other problems will remain unresolved until details of implementation have been negotiated.

Souphannouvong's "dissolution" of the Pathet Lao movement would in reality have little effect on the activities of hard-core members of clandestine cells and front organizations, and would not eliminate Pathet ties to the Viet Minh. It would, however, serve to allay further public fears of the Pathet Lao and create a favorable climate for a final settlement in which Laotian independence might be risked to gain "national unification."

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10. NASR REGIME MAY REPLACE KEY ADVISERS

Indications are multiplying that the Nasr regime is planning a major shake-up, especially in the economic field,

A number of the present economic planners who advocate closer Soviet ties are reportedly slated for replacement. Nasr has vigorously criticized the civilian ministers in the cabinet for making too-frequent visits to Soviet and Satellite embassies in Cairo.

Comment

Nasr may plan to dismiss or transfer his leading civilian economic advisers, including conservative finance minister Kaisuni, but his motive is more likely to be to find "goats" for Egypt's poor economic situation than to eliminate pro-Soviet influences. Except for Kaisuni, the most influential of these advisers have advocated developing extensive barter arrangements with the Soviet bloc. Their replacement would probably be used by the regime's apologists as evidence that Nasr is turning his back on the USSR.

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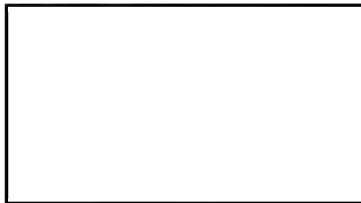
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12. BRITISH INFLUENCE IN KUWAIT DAMAGED

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As a consequence of their intervention in Egypt, the British have largely lost the capability of influencing the internal affairs of Kuwait, according to the American consul there. The British political agent's normal contacts with the ruler of Kuwait have been suspended, and moderate leaders in Kuwait who formerly cooperated with the British have been alienated. The consul concludes that over the long term the British must rely on the support of feudal chiefs and on force to preserve their position in Kuwait.

Comment

The British regard access to Kuwait oil, which is owned jointly by British and American interests, as of crucial importance. Kuwait normally produces about 1,200,000 barrels of oil a day and is thus the largest producer in the Middle East. Britain has recently increased its troop strength in the Persian Gulf from negligible numbers to 1,800.

The success of Egyptian agents in sabotaging some Kuwait oil installations on 10 December is likely to bring a further decline of British prestige in the area.

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BIWEEKLY SUMMARY
(28 November-12 December 1956)

THE TAIWAN STRAIT

**Report of the IAC Current Intelligence Group
for the Taiwan Strait Problem**

1. There were no significant combat operations in the area during the period. [REDACTED]

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2. Tracklaying on the Trans-Fukien Railroad was completed to Amoy on 9 December. After a shakedown period of three to six months, the new line will be able to handle 4,000 to 5,000 tons of cargo each way a day and greatly increase the Chinese Communists' ability to deliver supplies to the Taiwan Strait area. While the railroad will eventually enhance the value of Amoy as a commercial port, at present ships entering Amoy would be within range of Nationalist artillery on the Quemoy. [REDACTED]

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[illegible]